

# **INCENTIVE PAY**

## **THE SPEED-UP NEW STYLE**

*By*

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## CHAPTER I

# A Big Business Plot

The big drive to put over a new form of the piece-work-speedup system known as "incentive pay" was launched a long time ago. This campaign was launched by a combination of Big Business, the Administration, the yellow boss press, some reactionary misleaders of labor and, finally, by its most vigorous advocate, the Stalinist Communist Party.

The real significance of incentive pay, however, was made clear when, on September 5, 1943, the *New York Times* published prominently a letter in support of this new scheme to cheat the American workers, written by Mr. Albert Ramond, present head of the Bedaux Company, industrial engineers, the notorious speedup and wage-cutting expert. On the same day, *The Worker*, organ of the Communist Party, carried a long article by its leader similarly advocating the nation-wide adoption of the incentive pay scheme.

Under conditions created by the war, productivity has risen enormously. This rise in productivity, while greatly intensified since 1939, reflects the general tendency in American production over the past forty years. Technological improvements were accompanied by a rise in the productivity of each individual worker. But neither the individual worker, nor the working class as a whole, has really enjoyed the fruits of this tremendous rise in labor productivity.

On the contrary, wages of the American workers have always lagged behind increased productivity. In the pres-

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ent period of war production and increased productivity, wages of the workers have been frozen by President Roosevelt's "hold-the-line" order.

The American capitalists, that is, the financiers, industrialists, great merchants, brokers and contractors, mine operators and mill owners, and the rich farmers allied with the capitalists, are the ones who are really profiting by the present-day economic activity caused by war needs.

Profits of Big Business are so great that, despite the highest taxes in American history, they have exceeded the prosperity period of the Twenties and the boom year of 1929. Profits for the year 1943 are at the rate of \$8,600,000,000, or twice the profits of 1939. Here are some of the figures:

Year	Profits, After Taxes
1941	\$7,100,000,000
1942	7,400,000,000
1943 (estimated)	8,300,000,000

Company	Recent 1943 Period	Same 1942 Period	Pct. Incr.
Erie Railroad Co.	\$14,339,524	\$7,853,731	82.6
Outboard Marine & Mfg.	518,342	23,453	2,110.1
Continental Motors Corp.	5,172,884	3,231,724	69.4
Consolidated Aircraft	10,323,779	8,024,882	28.6
Vultee Aircraft, Inc.	4,291,140	3,100,735	38.4
Atlantic, Gulf & West Indies	3,5575-471	2,816,177	26.9
Briggs & Stratton Corp.	1,738,898	1,154,759	54.4
Pennsylvania Railroad	101,168,793	58,073,579	74.9
Wisconsin Electric Power	3,894,027	2,851,335	36.3
Paramount Pictures, Inc.	14,525,000	10,251,242	41.7
Pressed Steel Car Co.	1,728,726	812,258	112.7
Climax Molybdenum Co.	13,390-133	8,951,204	49.5
Dresser Industries	518,007	299,692	73.2
Consolidated Cement Corp.	333,697	86,392	286.2
Consolidated Coal Co., Inc.	1,531,498	702,344	117.1
Pullman Co.	9,150,769	1,855,069	393.3
U. S. Freight Co.	1,418,593	808,616	75.4
Kansas City Southern Railway	2,121,784	1,426,122	48.7

These profits of Big Business are only part of the story. Big Business protects itself with "contingency" funds, reserves, depreciation, bonuses and sky-high salaries to its officials. The following figures reveal this clearly:

Company	Executive	1940	1942
American Locomotive Co.	W. Dickerman	\$75,954	\$114,091
Armour & Co.	G. A. Eastwood	74,378	101,340
Aviation Corp.	V. Emanuel	25,000	88,917
Budd Wheel Co.	E. G. Budd	110,428	140,318
Burlington Mills, Inc.	J. Spencer Love	91,940	196,340
Canada Dry Ginger Ale, Inc.	R. W. Moore	47,747	65,540
Doehler Die Casting Co.	H. H. Doehler	35,930	56,105
Electric Storage Battery Co.	R. C. Norberg	42,882	69,740
Fairbanks-Morse & Co.	R. H. Morse	120,700	162,170
Firestone Tire & Rubber Co.	J. W. Thomas	91,937	120,000
Flintkote Co.	I. J. Harvey, Jr.	53,370	90,050
General American Transp. Corp.	L. N. Selig	60,000	84,000
Goodyear Tire & Rubber Co.	E. J. Thomas	91,937	120,000
Kennecott Copper Co.	E. T. Stannard	101,220	126,150
J. R. Kinney, Inc.	G. L. Smith	23,600	44,150
Lima Locomotive Works Co.	J. E. Dixon	31,680	63,150
Loews, Inc.	L. B. Mayer	697,048	949,766
Munsingwear, Inc.	E. L. Olrich	27,886	68,787
J. C. Penney Co.	A. W. Hughes	47,975	81,155
Phelps Dodge Corp.	L. S. Cates	100,520	151,350
Savage Arms Co.	F. F. Hickey	32,010	86,400
Snider Packing Corp.	S. E. Comstock	22,000	35,595
Standard Oil Co. (Ohio)	W. T. Holliday	90,000	120,000
Swift & Co.	J. Holmes	65,000	85,000
Union Bag & Paper Co.	A. S. Calder	86,829	100,731
Vick Chemical Co.	H. S. Richardson	48,360	95,285
Walworth Co.	W. B. Holton, Jr.	60,000	120,000
Willys-Overland Motors Co.	J. W. Frazer	60,000	123,184

Thus, in contrast to the frozen wages of the workers, we witness the growth of war profiteers and the rise of a new group of war millionaires.

"Equality of sacrifice" has become the greatest domestic joke of the war. There has been no ceiling on profits, no limits on salaries, no bar to war profiteering and no halt to the growth of the war millionaires.

The workers are paying double for this profiteering heyday of Big Business. First, profits are being made directly from the labor of the American workers. Secondly, war production has already resulted in the greatest national debt in American history, greater than the national debt of any other country, and the burden will have to be borne not only by this generation of the people, but by future generations.

However, not satisfied with its current high profits, greedy Big Business is busily engaged in mapping out new plans to increase even more the highest profits in its existence.

There is one important way open to them now: raise still higher the great productivity of American labor. To do this, Big Business is ready to throw a sop to the worker by offering a slight increase in wages for an enormous increase in production which could have only one result, a corresponding enormous increase in their profits.

Knowing how deeply the workers hate the piecework system, speedup schemes, and other inventions of the bosses to exploit labor more intensely, these overlords of the people have advanced the scheme of "incentive pay."

The Roosevelt Administration says that wage increases will cause inflation because there are not enough consumer goods available on the market, due to war production. Therefore, wages must be frozen. Inflation, you see, can be caused only by "excessive" earnings of labor!

Big Business declares that, since wages have been frozen, it cannot grant any direct wage increases.

The Administration, however, has joined hands with the bosses in announcing that, by increasing production over the present rate, Big Business may grant more wages to the workers. This would not be a wage increase, because there would be more goods produced, and, if the workers are properly speeded up, there will be no in-

crease in the costs of production (on the contrary, they would decline), to necessitate a rise in prices.

This does not make much sense to the worker. He knows that there are cases when the government has permitted wage increases and supported such increases by a rise in prices. He knows too that most of the goods produced today are war goods. But he does not understand how an increase in the production of war goods, resulting in an increase in his wages, would halt inflation, since the net result of his harder work will not have increased the amount of consumer goods. These will remain the same, yet his wages will be slightly increased if he accepts the incentive pay scheme. It would seem that the danger of inflation under such circumstances would also be increased. The situation immediately becomes clear: the position of the Administration is phony!

There is only one real purpose behind the drive for incentive pay: *To increase the present high profits of Big Business and lay the groundwork for a destruction of the victory of American labor over the piecework system, bonus-payment schemes, speedups of every variety, and other plans for intensifying the exploitation of the workers.*

## CHAPTER II

### The Origin of Incentive Pay

It was originally believed that the idea of incentive pay was thought up and proposed by the War Production Board and Donald M. Nelson, its director. As a matter of fact, however, incentive pay schemes are rather old, and Big Business has used them in various ways for many years.

The present incentive pay scheme also originated with

Big Business and while it is actually another form of the piecework system, it is dressed up to give it another appearance.

The champions of incentive pay, as we have already indicated, are Big Business, Government agencies, the boss press, and their dupes and aides in the labor movement. Big Business first proposed it; Roosevelt, the WPB and the WLB took it up. The business organizations began to propagandize for it. Some unions under the control of the Stalinists have accepted incentive pay and are experimenting with it.

The aim of the anti-labor forces is simple. Aware that the workers are highly suspicious of piecework, speedup schemes and bogus bonus plans, industry offers them incentive pay—a little more pay for a great deal more production.

Under the piecework system, the boss dealt with an individual worker. But the idea of incentive pay is that it shall apply on a group, sectional or departmental basis.

Thus, under the piecework system (which was a form of incentive pay), a worker who succeeded in increasing his rate for the item produced, on the theory that if his earned a little more money than his fellow workers. While his increased pay did not compare to his increased productivity—which only enriched the boss—he was, nevertheless, a little more satisfied because he received a little more money.

The worker soon learned, however, that as he speeded up and earned a little more money, the boss would cut his rate for the item produced on the theory that if his new productivity rate was now his normal speed, then the piecework rate should be cut. Why should he pay a higher rate when the worker proved that he could produce faster if he drove himself hard enough? reasoned the profit-hungry boss.

This is what always occurred under the piecework

system. Only during the time that the worker produced more than the rate set by a certain standard did he receive more money. As soon as he demonstrated that his new speed had become "normal," his pay rate was cut.

The boss observed that under the piecework system he paid what he called a "large" reward, even if only for a short time. Moreover, in reducing rates, he was himself cutting the worker's wages. Wouldn't it be much better if the worker cut his own wages, or if it was made to appear that he cut his own wages and, at the same time, have the company make additional profits from the increased productivity of labor?

This aim is graphically described in an article, "What Is Incentive Pay?" by Walter Weiss, which appeared in the magazine, *The New Internationalist*. Says this writer:

A standard time is set for a certain job. If a worker does it in less time, the time saved is divided between him and the company, usually on a 50-50 basis. Suppose that the standard for a certain job is two pieces for a ten-hour day and that the pay for this is \$5.00. At piecework, if a man did four pieces, he would receive \$10.00. Under an incentive plan he would divide the extra \$5.00 with the company and receive \$7.50. Doing the standard two pieces he would receive \$2.50 per piece. Doing four pieces he would receive only \$1.88 per piece. To make \$10.00 he would have to do six pieces, and this would reduce his rate per piece to \$1.67. Of course, his hourly pay would increase, but not in proportion to his increased productivity.

While the bosses do not now propose anything quite so raw as this, what they do propose is raw enough, since the same principle is involved. Present incentive pay schemes hold that, for example, if eighty pieces are standard in an eight-hour day, and a hundred pieces are produced by a group, or department, thus making a twenty-five per cent increase in production, the bonus shall also be twenty-five per cent.

The most extreme form of incentive pay, however, is the one proposed by Mr. Albert Ramond, of the Bedaux Company, which would give the workers a ten per cent

increase in pay for every twenty-nine per cent increase in production. It is likely that where incentive pay is in effect some middle scheme will operate to begin with.

Thus we see mixed up in incentive pay proposals, also part of the piecework principle. The reason for this is that the bosses, fearful of the wrath of the workers, are not yet ready to try a full-fledged wage-cutting and rate-cutting program.

What does this group incentive pay scheme really mean? Since increased pay will depend on increased group productivity, the workers themselves will push the slower workers. That is, the speedup, to meet and surpass the standards set by management, in order to earn more money, will find workers egging each other on, pushing each other in a mad race to get this little extra money. "A 'fast' man (who might be a company stooge)," as David Coolidge so clearly points out in a recent issue of *Labor Action*, "would set the pace.... Then the various units or departments would be hurled into competition with each other."

Who would gain from this mad speedup? Not only the workers, who would be the only ones responsible for the increase in production, but the bosses, too, who had nothing whatever to do with this rise in productivity! *Business Week*, speaking of this new incentive pay scheme, said that "whenever a plant's output per man rises by a given per cent, the pay, but not the wage rate, of everyone in the plant, from sweeper to president, will be increased by the same per cent."

In other words, management would benefit doubly by the extra sweat of labor, first, from the increased production, which would give it added profits, and then again from the reward to which the workers would be entitled in full but which the management, without contributing one bead of sweat, would share.

No responsibility will rest on management or the gov-

ernment bureaus for any increase in the productivity of the workers under the incentive pay scheme. They will not contribute a thing to it—in actual work. Yet management will get part of the reward, which, at least, in simple justice, belongs to the workers.

And if the scheme fails, that is, if the group or department does not reach the heights in production indicated by the bosses? Only the workers will be held responsible. Under the group plan of incentive pay, they would get no rate increase, and whatever was produced below the level laid down by the company, but above previous production levels, would go free to the company! Experience big Big Business teaches that there will be a hundred other reasons invented by officials for not granting the increases due under its provisions.

*The National Association of Manufacturers has already declared that incentive pay "base rates should reflect fair wage differentials between jobs based on their relationship and relative requirements in terms of skill, experience, responsibility, degree of difficulty, application and working conditions."*

It is clear that "skill, experience and responsibility" refer to the management and the lion's share of the increased productivity that it will take. As for the rest, the aim is to divide the workers according to their specific jobs, destroy wage levels and set the workers in a deadly competition against each other.

Austin M. Fisher, a labor relations consultant for about fifty industrial plants, was referred to in the *New York Times* as suggesting that the WLB adopt incentive pay. Mr. Fisher admits that:

*"The increase in the weekly 'take home' need not necessarily be in direct ratio to increased productive effort, but may be less than fully equivalent to it."*

Mr. Fisher knows what he is talking about. He speaks the same language as Mr. Ramond. But here is another

plan now worked out as a "model," by the Grumman Aircraft Engineering Corporation. While this plan cannot be adopted in detail by other industries, the general scheme of this type of wage increase in relation to increased production is heartily endorsed by all of Big Business and corresponds to the views of Mr. Fisher and Mr. Ramond.

<i>Per Cent Increase in Output</i>	<i>Per Cent Increase in Pay</i>
10	5
20	10
30	15
40	20
50	25
60	30
70	32½
80	35
90	37½
100	40

More than 100 ..... No further increase

It is to be noted that up to a sixty per cent increase in production, the workers will receive only a one-half increase in pay. From sixty to a hundred per cent increase in production, the workers will get much less than a half increase in pay. But for over a hundred per cent increase in production, the workers will get no further increase!

*There is the whole scheme in a nutshell! The workers will not necessarily get the full amount of money warranted under the fraudulent scheme of incentive pay. You can bet your boots on it: management will do everything within its power to see to it that the workers are cheated under incentive pay as they are under any other scheme designed to increase production.*

That incentive pay is an old scheme "to get labor to work harder, faster and longer hours" is borne out by the NAM when it declares:

*"It must be recognized that for any incentive plan to produce results there must be no limitation of output of the individual workers, and this must be agreed to by the unions."*

Isn't this conclusive proof that what Big Business has in mind is the complete destruction of the labor movement and the conditions of the workers in industry?

In order further to make clear their attitude on pay rates, the NAM spokesman for industry adds:

*"Management, on its part, must agree that after a standard is established, the standard will remain unchanged unless there has been a change in equipment, work specifications, in method, design or in other controlling conditions."*

*They could not be more frank! All the avenues are paved through which the bosses will break any agreement made with the workers for pay increases resulting from increased production, in order to closely pattern the scheme of piecework: reducing rates as productivity increases!*

### CHAPTER III

## Labor and Incentive Pay

The rank and file of the labor movement is opposed to incentive pay. With unerring instinct, it recognizes this new scheme for what it is worth: another plan to more effectively exploit the workers, to speed them up, to force bitter competition between them, in which some workers may get a few cents more, but must in the end result in an enormous increase in the profits of the bosses.

*As important as the above is, they also recognize in it the basis for destroying wage rates, minimum pay, conditions of work and the length of the working day and week. And finally they see in the incentive pay scheme a direct threat to the unionization of all workers, as well as the existing trade union movement.*

This healthy attitude of the union rank and file does not hold true for its leadership. The labor officialdom blows hot and cold on the issue of incentive pay. While it pretends to recognize all its dangers, it is in a dilemma. Having surrendered the right to strike, labor's one great weapon for winning and enforcing its demands; having accepted the President's hold-the-line order which has frozen wages; having accepted the "Little Steal Formula"; and having agreed to remain on the infamous War Labor Board while that body rejects wage increase after wage increase, it does not know what to do about getting wage increases for the workers.

The cost of living is entirely out of line with the wages of the workers. The price control program of the Administration is the biggest domestic farce of the war. Yet the labor officialdom dares not fight for wage increases. Thus its only conclusion can be the hope that the passage of time will force the workers to accept incentive pay as the only means open to them for a wage increase. This is the greatest danger in the wage situation. But it is a danger for which the labor officialdom is completely and personally responsible.

Spearheading the opposition to incentive pay is the United Automobile Workers of America. This great union has had the issue before it many times. Each time that the Stalinist finks and their spokesmen for incentive pay, Richard Frankenstein and George Addes, have tried to force through its acceptance, they were defeated.

Where the UAW experimented with an incentive pay scheme, as in the Detroit Murray Body Local, it has had

bitter experiences. The Murray Local has since declared its wish to rescind the agreement to carry through the experiment.

The workers at Carnegie-Illinois Steel, Republic Aircraft and Wright Motors in Paterson, have all fought incentive pay schemes enforced in these shops because they found themselves repeatedly cheated by the companies.

*Yet, while the UAW locals are fighting fiercely against the enforcement of incentive pay, the president of the CIO, Philip Murray, has announced that his union, the United Steel Workers of America, will adopt a form of incentive pay. This, of course, relieves him temporarily of the job of fighting for wage increases for the workers under his jurisdiction. Thus the leader of the CIO is playing a most disastrous rôle in the present principled struggle between labor and the bosses.*

#### CHAPTER IV

### Role of Stalinist Union-Wreckers

By far the most dangerous element in this situation is the Stalinist Communist Party and the unions it controls. These wreckers of the union movement concern themselves primarily with the second front and other questions of interest to Stalin's foreign policy. Keeping labor docile and tied to the war machine and to the production of profits for Big Business is the chief activity of unions under Stalinist leadership. The vital issues which concern the welfare of the American working class are cast aside because they conflict with the interests of the Russian bureaucracy.

Earl Browder, leader of the American Stalinists, is the outstanding propagandist for the bosses on the incentive pay issue. When he intervened directly in the UAW dis-

pute on this subject he was soundly rebuked by that organization for his union-wrecking rôle.

*Browder argues that incentive pay will increase the wages of the workers and that only the bosses are opposed to the scheme. Knowing full well what incentive pay really means, but pretending that Big Business is opposed to it because it might have to pay a little more for a great deal more profit, Browder says it is the duty of the workers "to force better profits on unwilling employers." One would think that the employers have only to wait for word from Browder that the pickings in the incentive pay scheme are good. But really, they are not so shy as Browder would have the workers believe—and, it goes without saying, a thousand times more honest than this new lackey of Wall Street.*

Why, then, do the Stalinists fight so vigorously for incentive pay? Are they concerned with the desire of the workers to get more money? This is nonsense. The American Stalinists, acting for the Kremlin tyranny, are Russian nationalist agents. Their sole interest is the preservation of the rule of Stalin and the new bureaucratic class which lives off the exploitation of the Russian workers.

When Stalin was allied with Hitler, Browder and his cohorts were on the side of the Axis in the war. They were not in the least concerned with production. On the contrary, they were interested in keeping production at a minimum. Incentive pay was farthest from the minds of these American representatives of Stalin.

But when the two dictators broke their friendship, when Hitler's legions invaded Russia and that country became the ally of England and later of the United States, the American Stalinists became super-patriots. Now, nothing that the workers do is enough. No sacrifice of American labor is great enough.

Are American workers producing vast quantities of

goods? It is not enough. Is the American ruling class sending aid to Stalin? No matter, it must send more.

Are Browder and his party concerned with the lot of the American workers? Not at all. According to their views, the American working class and the working class of the entire world must sacrifice everything for Stalin's rule over Russia.

Doesn't this sound contradictory? Not at all. What Browder demands of the American workers, Stalin takes from the Russian. Russia, under Stalin, has become a vast prison for the Russian working class.

*The Russian workers have lost their independence, their free trade unions, their other organizations, and their rights. They are driven like a herd under a vicious speedup system. There have been no wage increases for them since the war broke out, and they work a twelve-hour day seven days a week. Stalin has borrowed the worst from the American efficiency experts and applied it to the Russian workers.*

Russia has its own variation of the piecework system and incentive pay. It is called "Stakhanovism." Those participating are "Stakhanovites." They are special workers who set the pace for all other workers. They are the links in the factories, the type of men whom American workers would drive out of the shops and the unions.

Even so friendly an observer of Russian affairs as Wendell L. Willkie was compelled to write, on his return from a visit to Russia:

*"The Stakhanovites, strange as it may seem to us, are actually pieceworkers, paid at a progressively increasing rate on a speedup system which is like an accelerated Bedaux system. The Russian industrial system is a strange paying labor would satisfy our most unsocial industrialist."*

If you understand the significance of this, you can un-

derstand why Browder carries on as he does. He is a Russian patriot. That is why he is in favor of incentive pay, in favor of any scheme which will destroy the effectiveness of the American labor movement, so long as it serves the interests of the Stalinist dictatorship.

What is wrong with incentive pay? Only one thing, according to Browder. And that is the "tendency" to cut rates. Browder says: "This tendency of the manufacturers to cut rates arbitrarily destroys, of course, the very foundation of the incentive pay system."

*What Browder fails to tell the workers is that the "tendency . . . to cut rates arbitrarily" is the basic foundation of incentive pay and the reason why it originated with Big Business and has its unqualified endorsement.*

Browder is trying to picture incentive pay for what it is not, namely, a means by which wages rise. An increase in wages, however, is only incidental to the plan. Incentive pay, as the bosses correctly understand, is a specialized scheme for increasing production through a speedup system which must increase profits and reduce the relative share of production which falls to the worker.

## CHAPTER V

# Wages and Profits

Ever since the rise of capitalism there has been a sharp struggle between the bosses and the workers over wages. From the early days of this system, when machine production was still in its infancy, production and profits have depended on the direct exploitation of labor.

*Profits of the capitalist class were based on the long working day, the seven-day week and the intense physical exploitation of men, women and children. To keep wages*

*as low as possible—just enough to permit the working man and his family to live and reproduce in kind—meant high profits. Wage increases would lower profits.*

Since the capitalist is in business only for profit—he does not care whether his product is useful or not—he has ever sought to keep wages as low as possible.

The capitalist and the worker, throughout the existence of capitalism, have fought over wages and the conditions of labor. If the former kept wages low, hours long, without investing money to improve the conditions of work, he did well and had a profitable business. It mattered not to him if the workers suffered severely under this brutal system.

The development of technology, which permitted a tremendous rise in production and a corresponding rise in the productivity of the individual worker, saw a gradual rise in wages, a gradual reduction of the work-day and work-week, and a gradual improvement of working conditions.

It is a fact of economic history that while the capitalist profited from every improvement in production, while his wealth mounted, his living standards rose higher and higher, his leisure increased manifoldly, and his general security was strengthened, the conditions of the working man remained, on the whole, far below what was warranted by industrial progress.

It is also a fact of economic history that, for every improvement in the lot of the worker, he had to engage in heroic and violent struggles against his profiteering boss. The capitalist never gave anything to the worker voluntarily. Everything the worker has gained—higher wages, shorter hours of work and improved conditions of labor—was the result of intense struggle by the working class.

The bosses have always resisted wage increases because the granting of higher wages would come out of their

profits. Usually they overcame this by increased production or increased prices and new markets. In the end, the capitalist saw to it that he lost nothing even in granting wage increases; he was always compensated for any concession which the workers wrung from him by sharp economic and political struggles.

*But most important of all, wages have always lagged behind profits. They never rise simultaneously or in the same proportion as profits. It is only after the workers observe the increase in profits and life becomes increasingly unbearable, that they are, willy-nilly, driven to fight for a greater share of the wealth produced by themselves.*

*For example, between 1924 and 1929, in the very midst of the prosperity period in which Big Business "earned" enormous profits, wages, that is, money wages and real wages (what they will actually buy of the necessities of life) remained stationary. As a matter of fact, wages in this period were below the rates of 1920!*

Lewis Corey, in his *Decline of American Capitalism*, vividly describes this situation when he says:

*"Thus, in 1929, relative wages fell to the lowest point in American history in the midst of an extraordinary rise in the productivity of labor, surplus value, and profits."*

What are called high wages are in reality low when compared to the productivity of labor, and they are low in terms of the possibility of still higher wages.

High wages, so-called, are also low wages in the terms of what they can provide in minimum requirements for living in a society where millions live in poverty on sub-standard wages.

*Wages have always lagged behind dividends, interest and the salaries of officials of companies. As an example, between the years 1921 and 1932, wages declined by twenty-five per cent while dividends and interest rose by fifty-five per cent.*

In this discussion of wages and their relation to incentive pay, it must be borne in mind that even when wages rise, they fall in relation to profits; that profits are increased by forcing down wages and that profits represent "surplus value, unpaid labor."

It is possible to say that, as a rule, during periods of prosperity, wages rise, but profits rise much faster, and the so-called "high wages" are low compared to the productivity of labor. During crises, profits may fall and do fall, but wages fall much lower, and for millions of workers cease altogether.

In such periods, the bosses may not get so much, but all workers get still less and many get nothing. It is the worker who becomes unemployed, who is found on the breadline, and who needs relief in order to live. The boss merely retires to his estates to live on his accumulated wealth, produced by labor but appropriated by the capitalists.

## CHAPTER VI

### Unorganized American Workers

America is the classic land of technological improvements. As a result of this and the great mechanical skill of the American worker, production has always advanced rapidly. American labor, foreign-born and native, built up the vast industries which cover this country from coast to coast. Without this labor, the great railroads would never have been built. Without this labor, the great industries could never exist. Without this labor, mining, textile, oil, transportation and the great automobile and machine tool industries would never have been.

*The vast industrial development of this country built by the hands of the worker, and the vast wealth created by*

*labor, went into the hands of an proportionately ever smaller class of capitalists. Today, Big Business rules supreme over the bent backs of the working class.*

The American workers did not enjoy the real fruits of their labor. They have little or nothing to show for the many decades of their toil, which created a small class of rich and idlers.

In this vast industrial development, Big Business invented many schemes to add to its wealth. Each of these schemes led to a greater exploitation of labor. Of these schemes, the piecework system was the most deadly, for it aimed at getting more production from the worker in a shorter period of time, by promising the *individual* worker, who set a maddening pace in the shop, a little more money.

We have experienced Fordism as a system of intense exploitation. Many workers remember the propaganda that hired magazine writers and journalists poured out, extolling Henry Ford because he paid a minimum wage that was higher than that paid in other auto factories.

But many automobile workers remember that Ford's was the "young man's factory." They all knew of the mad pace which this bigoted industrialist forced upon his workers. They also knew that the middle-aged man could not stand the physical strain caused by the murderous, brutal and inhuman setup at the Ford plants. Moreover, the productivity of the Ford workers under the mass production system was extremely high, much higher than in other factories.

*In proportion to their productivity, then, the workers were grossly underpaid by Ford. This was and remains true for all industries and for all workers.*

Ford was not alone in practicing speedup in order to get more production for less wages. Every great industry, and the small ones which imitated them, practiced the

same or a similar type of speedup or adopted similar systems.

The workers experienced the wearing physical effects of Taylorism and Bedauxism. Time production specialists, efficiency experts, scientific speedup artists and a host of other gentlemen operating under the name of "industrial engineers," invaded the factories for the specific purpose of driving the workers at a furious pace to produce more and more in less and less time.

*There was hardly a factory which did not have a vicious piecework system calculated to enrich the bosses. But the outstanding feature of the piecework system was that as you raised your productivity, your rate per piece dropped. At the end of a period of time in which you increased production enormously, you found that your rate of pay did not advance. On the contrary, you found that you had been cheated. You increased production, you increased the profits and wealth of your bosses; but in the end you had less to show for it.*

In addition, you had worn yourself out physically; you were an old man before your time. The best of your physical life was given to increasing the wealth of your boss, while you were at the end of your rope, with greater insecurity as your reward!

These conditions were possible primarily because American labor was unorganized. The worker fought his battle as an individual, and he always lost. Arrayed against him was not an individual factory owner—though he was powerful enough, with all the forces of law, the press, the government and wealth on his side—but all factory owners, all financiers and industrialists, united in their own organizations.

It seemed that Big Business understood better than the workers the value and power of organizations. And they made good use of the old saying: "In unity there is strength!"

The unorganized workers were at the mercy of industry. They passed through the prosperity period, created by their sweat and blood and muscle, and were cheated of their labor, without reward. Big Business and all its allies were all the more enriched from the toil of the American working class.

This was the period when there was no hourly wage rate, no limit to hours, no limit to the work-week, and no control of working conditions for most of the American workers!

## CHAPTER VII

### Organized American Workers

The greatest economic crisis in American and world history came in 1929. It lasted through the Thirties. The working class, having been cheated during the "prosperity" period, was now to experience hunger, evictions from homes, mass unemployment and general suffering.

The capitalists, while their profits had dropped, continued to get large salaries to add to the enormous "reserves" which they had piled up during the Twenties.

After the first years of the economic crisis, the discontent of the great mass of the people ripened into great struggles. The workers began to demand their just due. The nation-wide struggle of unemployed labor led to government reforms. First came unemployment relief; then followed the PWA and the WPA. Artificial jobs created by government funds were the result of the sharp battles for life waged by labor.

The working class learned from these struggles. The working class began to understand that through organization, class unity and a fighting program, it could better obtain its demands and defend its economic rights.

Thus when the first signs of an economic revival appeared, the workers moved forward toward unionization. From 1935 on, union organization was the watchword of labor.

In those years we witnessed the organization of the CIO, which aimed primarily at the mass production industries. The CIO grew rapidly in these industries, and by its progress smashed the stranglehold which Big Business had on the neck of labor. The AFL grew along with the CIO. The momentary end of this great organization drive of American labor saw the existence of a union movement with more than ten million workers. But more important even than this growth is the militancy and the will to fight for their rights which has gripped millions of workers. Their unceasing drive forced conservative and backward labor leaders to speak militantly also.

*As a result of the great unionization of millions of workers, a gradual improvement took place in the conditions of labor. The piecework system went out the window. Speedup systems, no matter under what name they went, were barred. With united strength, with a clear vision of what they wanted, workers gained a minimum wage, the right to collective bargaining, grievance committees, the shop steward system, and the right to speak to the organized bosses with the strength of their own organization behind them.*

The workers won these victories only through intense struggle and great sacrifice. They won them against a powerful capitalist class, which has not given up the fight, the class of Big Business and all its allies, who mean to take away the rights won by labor at the first favorable opportunity.

Big Business, through its organizations, the National Association of Manufacturers and the Chamber of Commerce of the United States, and through its lackeys in the House and the Senate, supported by all reactionaries, gov-

ernment officials, native fascists and the boss press, the servants of advertising, the pen prostitutes and yellow journalists, began this drive long ago. The outbreak of war gave these dollar pay-triots their opportunity, and they have seized it with their customary speed and understanding of their class interests.

## CHAPTER VIII

### The War and Labor

Shouting patriotic slogans, calling for "equality of sacrifice," crying for "national unity," Big Business has sought to break down every gain made by the workers. Why do they do this? Because it will result in greater profits for them and assure their power in society.

One might ask: Aren't these vultures satisfied with the profits they are making now, which are the largest in history, despite enormous taxes? Obviously not! Why should they want to pay a minimum wage? Why should they want to pay time and a half for overtime and double time for Sundays and holidays? If they could evade such payments, their profits would be even higher.

What is more, they do not want to deal with the workers on anything like an equal basis. They want to destroy the labor unions, the grievance committees, the shop steward system, and the independence of American labor. They want to return to the good old days of the Twenties, when they ruled over the workers with an iron hand and the policeman's club.

*The workers have already sacrificed more than they can afford, since the war broke out. The labor leaders, generally without consulting their memberships, gave a no-strike pledge to the President. In doing that they sur-*

*rendered the strongest and best fighting weapon which labor has to defend and extend its interests.*

In exchange for the no-strike pledge, Roosevelt promised that there would be no profiteering out of the war effort, no new war millionaires, prices would be controlled and the cost of living would be cut down. It goes without saying that none of these promises has been kept.

*What have the bosses given up? Their right to lock out the workers? But that is silly. Why should they want to lock out workers in this period of war profiteering, in which they are making their old fortunes bigger, and many new fortunes, from government orders? It is to their interest to keep industry going at full speed, for this insures their continuous and high profits.*

We have already seen how their profits and salaries have jumped skyward. Did they perhaps reduce their standard of living? On the contrary, they have raised their living standards enormously.

Are they working harder? Do they face bitter competition? Is there a heavier demand on their business "experience" and "cleverness" to keep operating and producing?

*On the contrary, they have less than ever to do. Everything is all set for them. They live on government orders, on government payments, on profits which the government guarantees them—all of which in the end will come from the toil of the working class. As a matter of fact, they do not even have to exert themselves to obtain these contracts. The government goes to them!*

Labor has given up too many rights already. Its organization campaigns have suffered in the war. Its hours have been lengthened. Conditions of labor have worsened. Speedup for more war production reigns throughout industry. Industrial accidents mount at a terrific rate. Wages have been frozen. The cost of living goes higher and higher. Food prices have risen above all other prices.

Living conditions are worse, housing is inadequate, especially for war workers, and the quality of consumer goods has gone down. On top of all this, a whole series of taxes are taking away whatever increase in wages the workers have won as a result of the enormous production increases demanded by the war.

Since 1939, the productivity of the workers has again risen at a rapid rate, but the workers have not shared in this rise in production. Commenting on this fact, the AFL declared:

"The increased productivity for which workers are not paid constitutes a tremendous war sacrifice on their part, a sacrifice that takes a permanent toll out of their work-power. As their capital is their power to work, this unpaid labor is in reality a capital levy imposed upon them."

What will the workers have to show for all their labors at the end of the war? Exactly nothing! Their reserves will be few, if any. The nightmare of unemployment will stare them in the face. The wage freeze will be ended, but there may be little or no wages for millions, and any surrender the workers now make to destroy wage levels will wreak havoc with wages after the war.

*It will be the old, old story all over again: the rich will have become richer; the poor, poorer.*

## CHAPTER IX

### Against Incentive Pay—For a Cost-Plus Wage

Incentive pay is a piecework, speedup scheme to rob and cheat the workers. It is a means by which to destroy wage levels, the minimum wage, wage equality, and the solidarity of labor. It is a means, moreover, to divide the

workers, destroy their union and class-consciousness by pitting individuals and groups of workers against each other.

*But, most important of all, if the workers give in to the demands of Big Business for incentive pay, it will pave the way for the destruction of the trade union movement. There never was and never will be a time which can justify the weakening and then the destruction of the labor movement. To build and strengthen the labor movement is an ever-pressing necessity. It was never more pressing than now. One way to strengthen the labor movement is by a decisive defeat of the incentive pay scheme.*

As against incentive pay, the labor movement must demand a national minimum wage, wage increases and A COST-PLUS WAGE!

The bosses get their cost-plus. The government not only pays them every cost involved in production, but guarantees them a "plus," i.e., a large profit. In addition, Big Business finds a hundred and one ways to increase costs and profits.

A Cost-Plus Wage is simply the application of this system to the workers.

How? By contracts which provide that wherever and whenever the cost of living goes up, wages are automatically increased to cover the increase, PLUS an additional sum which allows for minimum comforts above a mere subsistence level.

This does not mean that wages cannot increase. Wages must continuously increase with the increase in the productivity of labor, which is constant.

*A cost-of-living wage means to keep wages down to mere bread and butter. But labor must constantly seek to raise itself to a higher position in society, until it reaches the highest, where it belongs.*

How high should this "plus" be? *As high as the organ-*

ized strength of the labor movement makes possible in each given case.

Labor must establish and enforce the principle, for the present, that its employer, whether a person, a corporation or the government, must automatically provide an increase in wages in accordance with the increase in the cost of living—PLUS an extra margin of income to take care of the modest comforts that labor needs and wants and should have, at least for a beginning.

The labor movement is now thirteen million strong. It is the biggest organized force in the country. Properly organized and properly directed, there is no other power that can withstand it. Properly organized and properly directed, it can achieve any one of its legitimate demands. A COST-PLUS WAGE is such a legitimate demand.

Labor needs freedom of action. Right now this giant has been shackled by the government and the corporations, assisted by the groveling labor leaders, who imposed upon the trade unions the shameful no-strike pledge.

Capital has given no such pledge and does not need to give one. It is satisfied with labor's pledge. The harder labor works, the higher go the profits of capital—and the lower goes the standard of living.

Labor must regain its right to strike! That is an indispensable precondition to organizing the fight for a COST-PLUS WAGE!

This is the answer to the campaign of Big Business, the government and the Stalinists for the robber-scheme of incentive pay.

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